

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 609 – HB 1000

March 21, 2013

SUMMARY OF ORIGINAL BILL: Creates the *Fairness in Ticketing Act*. Requires ticket resellers to register as ticket brokers with the Department of Commerce and Insurance. Requires brokers to post terms detailing a purchaser's right to cancel a purchase at such place of business or website, to disclose the refund policy and, prior to sale, disclose the difference between the face value of a ticket and the purchase price. Brokers are required to include his or her Department-issued registration number on any printed, broadcasted, or internet advertisement.

Requires ticket resale websites to disclose the following information: the face value and exact location to which a ticket grants a right at or in a respective venue; the broker's active registration number if such broker is the operator of the event; whether the ticket for sale is in possession of the reseller or available for delivery; and whether such reseller is actively making an offer to procure the ticket. If the ticket is not in the physical possession of the broker, he or she must provide a time at which the ticket is expected to be in hand.

Requires brokers to register with the Department within 180 days of January 1, 2014, or within 30 days of commencing business as a broker, whichever is later. Any violation of the Fairness in Ticketing Act is punishable as a fine only Class B Misdemeanor offense. Violations are able to be appealed by written complaint either with the Department's Division of Consumer Affairs or the Office of the Attorney General and Reporter, which holds authority to investigate any complaint

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$49,500/FY13-14 and Subsequent Years
Increase State Expenditures – \$30,800/FY13-14
\$49,300/FY14-15 and Subsequent Years

Increase Local Revenue – Not Significant
Increase Local Expenditures – Not Significant

SUMMARY OF AMENDMENT (004155): Does not require a ticket broker to maintain a permanent office or place of business in order to conduct the business of a ticket broker. Requires all ticket-broker applications be subject to open records laws and therefore, available for public inspection. Makes various technical corrections.

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FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- It is estimated that all brokers will become licensed with the Department by June 30, 2014.
- According to the Department, there will be approximately 55 individuals who will purchase a ticket broker license.
- The program is required to be self-supporting; therefore, it is assumed the annual ticket broker license will cost at least \$900 resulting in recurring increase in state revenue of \$49,500 (\$900 x 55).
- According to the Department, one administrative position will be required to handle the work created by this new license type. The Department will not hire this position until January 1, 2014, resulting in first year expenditures of six months.
- In FY13-14, this position will result in an increase in state expenditures of \$24,637 [(\$29,100 salary + \$5,999 insurance + \$4,374 benefits + \$2,000 phone/network + \$600 supplies + \$1,700 office lease + \$5,500 administrative division) / 2].
- In FY14-15 and subsequent years, this position will result in a recurring increase in state expenditures of \$49,273 (\$29,100 salary + \$5,999 insurance + \$4,374 benefits + \$2,000 phone/network + \$600 supplies + \$1,700 office lease + \$5,500 administrative division).
- There will be a one-time increase in state expenditures in FY13-14 of \$6,200 (\$1,200 computer/software + \$2,000 office landscaping + \$3,000 computer setup/rulemaking/printing).
- Any increase in state or local sales tax revenue is estimated to be not significant.
- There will not be a sufficient number of prosecutions for state or local government to experience any significant increase in revenue or expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jdb